# GOVERNMENT OF INDIA
# FINANCE AND COMPANY AFFAIRS
# LOK SABHA

UNSTARRED QUESTION NO:5953
ANSWERED ON:02.05.2003
EXTERNAL BORROWING
AMBATI BRAHMANAIAH

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

(a) the details of external borrowings by State Governments from World Bank and foreign financial institutions like ADB during the last three years, State-wise;

(b) whether any borrowing limit has been set for any State in this regard;

(c) whether any warning has been issued by the Union Government to any State on its excessive borrowings from World Bank and other institutions; and

(d) if, so, the steps proposed to make available cheap credit to State Governments ?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) Under the provisions of the Constitution, the executive powers of a State extend to borrowing only within the territory of India.Also, under the VII Schedule of the Constitution, `Foreign Loans` come under the Union list.Thus, State Governments cannot receive financial assistance from foreign countries/institutions directly. The external assistance in respect of projects implemented in various States are obtained by the Central Government and passed on to the States as Additional Central Assistance.

The details of loan taken from foreign financial institutions by the Central Government are as under:

(Figures in Rs. crore)

| Institution | 2000-01 | 2001-02 | 2002-03 |
|---|---|---|---|
| International Development Association (IDA) | 4338.21 | 4264.44 | 5260.05 |
| Asian Development Bank (ADB) | 713.46 | 799.38 | 969.39 |
| International Fund for Agriculture Development (IFAD) | 0.00 | 70.13 | 0.00 |
| International Bank for Reconstruction and Development (IBRD) | 6452.13 | 5713.47 | 5836.05 |

(b), (c) & (d) Do not arise, in view of reply given to part (a) above.